



February 24, 2004

Honorable Don Nickles
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has estimated the effects on direct spending and revenues of H.R. 743, the Social Security Protection Act of 2004, as cleared by the Congress on February 11, 2004.

CBO estimates that the act will reduce direct spending by \$0.4 billion over the 2004-2009 period and by \$0.9 billion in the 2004-2014 period. The act also will increase revenues by an estimated \$26 million over the 11-year period. Some of these budgetary effects would involve Social Security, which is off-budget. The act would increase on-budget direct spending by about \$0.3 billion over the 2004-2014 period and decrease off-budget spending by about \$1.2 billion over that period. The enclosed table provides additional detail.

By Fiscal Year, in Millions of Dollars											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Estimated Outlays	-42	-87	-72	-70	-64	-67	-75	-78	-83	-111	-138
Estimated Revenues	1	1	2	2	3	3	3	4	4	5	5

SOURCES: CBO and Joint Committee on Taxation.

Honorable Don Nickles
Page 2

If you wish further details on this estimate, we would be pleased to provide them.
The CBO staff contact is Kathy Ruffing.

Sincerely,

Douglas Holtz-Eakin
Director

Enclosure

cc: Honorable Kent Conrad
Ranking Member

Honorable Charles E. Grassley
Chairman
Committee on Finance

Honorable Max Baucus
Ranking Democratic Member

Identical letter sent to the Honorable Jim Nussle.

ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF H.R. 743, THE SOCIAL SECURITY PROTECTION ACT OF 2004

By Fiscal Year, in Millions of Dollars

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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CHANGES IN DIRECT SPENDING (OUTLAYS)

Title I: Protection of Beneficiaries

Authority to Reissue Certain Misused Benefits

OASDI (off-budget)

2 * * * * *

SSI

1 * * * * *

Survey of Use of Payments by Representative Payees

2 4 3 * 0 0 0 0 0 0 0

Subtotal, Title I

5 4 3 * * * * *

Title II: Program Protections

Denial of Title II Benefits to Fugitives and Extension of Limited "Good-Cause" Exemption to Former Fugitives in SSI

OASDI (off-budget)

-8 -30 -44 -55 -59 -61 -63 -66 -68 -70 -72

Medicare

* -4 -11 -15 -19 -22 -23 -25 -25 -27 -28

SSI

* 1 1 1 1 1 1 1 1 1 1

Cross-Program Recovery of Overpayments

OASDI (off-budget)

-1 -3 -3 -3 -3 -3 -3 -3 -2 -2 -2

SSI

-48 -79 -43 -21 -7 -4 -5 -5 -5 -6 -6

Subtotal, Title II

-57 -116 -100 -93 -88 -89 -94 -97 -100 -105 -107

Title III: Attorney Fee Payment System Improvements

Cap on Attorney Assessments, OASDI (off-budget)

10 24 25 27 28 29 31 32 33 34 35

Temporary Extension of Attorney-Fee Payment System to SSI

0 -3 -4 -4 -4 -5 -5 -2 * 0 0

Temporary Extension of Attorney-Fee Payment System to Non-Attorney Representatives

OASDI (off-budget)

0 * * * * *

SSI

0 * * * * * * * * 0 0

Subtotal, Title III

10 20 21 22 23 24 25 30 33 34 35

Title IV: Miscellaneous and Technical Amendments

Extension of Sunset Date for Demonstration Projects, OASDI (off-budget)

0 2 3 * * * * *

Continued

ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF H.R. 743, THE SOCIAL SECURITY PROTECTION ACT OF 2004 (Continued)

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Coverage under Divided Retirement Systems, OASDI (off-budget)	*	*	*	*	*	*	*	*	*	1	1
60-month Employment Requirement for Exemption from Government Pension Offset, OASDI (off-budget)	*	*	*	*	-2	-5	-9	-12	-19	-44	-70
Post-1956 Military Wage Credits											
Payments to Trust Funds	903	0	0	0	0	0	0	0	0	0	0
Receipts to OASDI Trust Funds (off-budget)	-730	0	0	0	0	0	0	0	0	0	0
Receipt to HI Trust Fund	-173	0	0	0	0	0	0	0	0	0	0
SSI Provisions	*	*	*	*	*	*	*	*	*	*	*
Exemption to 84-month Rule for Certain Disabled Adult Children											
OASDI (off-budget)	1	2	2	2	2	2	3	3	3	3	3
SSI and Medicaid	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>
Subtotal, Title IV	*	4	5	2	*	-2	-7	-10	-16	-41	-34
Total Changes in Direct Spending											
On-budget	685	-81	-55	-40	-30	-30	-33	-31	-30	-33	-34
Off-budget	<u>-727</u>	<u>-6</u>	<u>-17</u>	<u>-29</u>	<u>-34</u>	<u>-37</u>	<u>-42</u>	<u>-46</u>	<u>-53</u>	<u>-79</u>	<u>-105</u>
Total	<u>-42</u>	<u>-87</u>	<u>-72</u>	<u>-70</u>	<u>-64</u>	<u>-67</u>	<u>-75</u>	<u>-78</u>	<u>-83</u>	<u>-111</u>	<u>-138</u>

CHANGES IN REVENUES

Title IV: Miscellaneous and
Technical Amendments

Coverage Under Divided Retirement Systems											
OASDI (off-budget)	1	1	2	2	3	3	3	4	4	5	5
Other	*	*	*	*	*	*	*	*	*	*	*
Clarification of Tax Treatment of Individual Work Plans	*	*	*	*	0	0	0	0	0	0	0
Total Changes in Revenues											
On-budget	*	*	*	*	*	*	*	*	*	*	*
Off-budget	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>
Total	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>

NOTES: Details may not sum to totals because of rounding. Effects on budget authority equal the effects on outlays.

OASDI=Old-Age, Survivors, and Disability Insurance (title II of Social Security Act); SSI=Supplemental Security Income (title XVI); HI=Hospital Insurance (title XVIII).

* = Less than \$500,000.
